

## **Robert L. Ritter Prevails in Fraud Case At Trial**

September 17, 2015

A Bergen County Superior Court Judge ruled last week after an eight day trial that Saiber's clients, William E Stefan and Intermodal Properties, LLC, did not commit fraud, did not make fraudulent transfers and were not the alter ego of a corporation sued by a commercial landlord for unpaid rent, dismissing all of the claims against them. The case arose from the demise of Key Handling Systems, Inc. which rented commercial premises from the landlord in Moonachie, New Jersey. Key was greatly impacted by the 2008 recession, which ultimately required Mr. Stefan to loan substantial sums to Key. Mr. Stefan made these loans as a secured creditor, having filed a UCC-1 financing statement. After Key's business was terminated in 2013, the landlord sued Mr. Stefan and Intermodal, claiming that Mr. Stefan had made fraudulent representations regarding the viability of Key; that the loans were really equity investments and not protected by Mr. Stefan's financing statement, and that since some of the moneys loaned by Mr. Stefan came from Intermodal Properties, that entity was also liable for Key's debts on an alter ego theory.

The Honorable James DeLuca, in a 40 page opinion, found that Mr. Stefan did not make any misrepresentations to the landlord regarding Key's financial condition. The Court found Mr. Stefan's testimony regarding the loans to be credible, and concluded that the landlord knew in 2010 that Mr. Stefan was loaning money to Key and that Mr. Stefan was filing a UCC-1 financing statement. Finally, the Court concluded that there was no evidence to pierce the corporate veil and to hold Mr. Stefan and Intermodal liable for the debts of Key.

Saiber Member Robert L. Ritter tried the case for Mr. Stefan and Intermodal, assisted at trial by associate John F. Finnegan III.